

NCA  
VOC FOR IOP/FN  
BACKGROUNDER NO. 1-0609  
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## SOVIET OIL

ANNCR:

BRITISH SOURCES IN MOSCOW SAY THAT A BRITISH-AMERICAN BUSINESS GROUP, INCLUDING THE LARGE OIL FIRM, BRITISH PETROLEUM, IS NEGOTIATING WITH SOVIET MINISTRIES ON SOVIET OIL EXTRACTION FROM THE CASPIAN SEA. VOA CORRESPONDENT MARK HOPKINS SENDS THIS BACKGROUND REPORT:

VOICE:

THE SOVIET UNION IS TODAY THE WORLD'S LARGEST OIL PRODUCER. BUT TO KEEP THAT LEAD, SOVIET PLANNERS NOW MUST LOOK TO NEW OIL DEPOSITS -- UNDER THE SEAS, AND IN SIBERIA. THUS THE INTEREST IN TAPPING WESTERN TECHNOLOGY. THE BRITISH, FOR ONE, HAVE ADVANCED EXPERIENCE IN DRILLING FOR OIL IN THE DEEP WATERS OF THE NORTH SEA OIL FIELDS.

SOVIET ENGINEERING LAGS IN THIS COMPLEX AND COSTLY PROCESS OF DESIGNING AND BUILDING OIL DRILLING PLATFORMS THAT CAN REACH DEPTHS OF MORE THAN ONE HUNDRED METERS. THE OIL EXTRACTED SO FAR FROM THE CASPIAN SEA HAS BEEN CLOSE TO SHORE. NOW THE SOVIET PLANNERS WANT TO STRETCH FURTHER FOR NEW DEPOSITS. IN THIS, THEY ARE LOOKING TO THE NINETEEN EIGHTIES. BESIDES THE CASPIAN SEA, SOVIET OIL OFFICIALS INTEND TO EXPLORE IN OFFSHORE AREAS IN THE NORTHERN BARENTS AND KARA SEAS, AND IN THE SEA OF OKHOTSK IN THE FAR EAST. THEY HAVE BEEN NEGOTIATING WITH BRITISH, AMERICAN AND JAPANESE FIRMS.

SIBERIA IS STILL ANOTHER SOURCE OF SOVIET OIL. IT TOO LIES IN AREAS WHERE NATURAL ELEMENTS -- SWAMPS AND ARCTIC SNOWS -- DEMAND HUGE INVESTMENTS FOR SPECIAL EQUIPMENT AND

FOR LABOR FORCES. THE SOVIET UNION PRODUCED FOUR HUNDRED NINETY MILLION TONS OF OIL LAST YEAR. THE TARGET FOR NINETEEN EIGHTY IS ANNUAL PRODUCTION OF AT LEAST SIX HUNDRED TWENTY MILLION TONS. HALF OF THIS IS SUPPOSED TO COME FROM SIBERIAN FIELDS.

TO MAINTAIN THIS RISING OUTPUT, SOVIET PLANNERS ARE PASSING SOME COSTS ON TO EAST EUROPEAN CONSUMERS. HUNGARY, POLAND, BULGARIA AND CZECHOSLOVAKIA DEPEND ON THE SOVIET UNION FOR SOMEWHERE BETWEEN SIXTY TO NINETY PERCENT OF THEIR OIL SUPPLIES. THE SOVIET PRICE CONTINUES TO GO UP. HUNGARY FOR EXAMPLE IS PAYING EIGHT PERCENT MORE THIS YEAR FOR SOVIET OIL THAN LAST.

THE EXPECTATION IS, HOWEVER, THAT EAST EUROPE WILL GET LESS, RATHER THAN MORE, SOVIET OIL BY THE END OF THIS DECADE, AS THE SOVIET UNION'S OWN ENERGY REQUIREMENTS INCREASE. SOME WESTERN EXPERTS BELIEVE, IN FACT, THAT THE SOVIET UNION WILL HAVE TO BOOST ITS IMPORTS OF OIL, WHILE AT THE SAME TIME SPENDING HUGE SUMS TO FIND AND EXTRACT OIL IN THE ARCTIC SEAS AND LANDS.

GH/RCS